

**REGARDING THE DRAFT**  
**INTERLOCAL COOPERATION AGREEMENT**  
**FOR THE IMPLEMENTATION OF PROJECT WX(water)/ SX(wastewater)**

***Note:*** The following is a “draft” document prepared as a guide to assist local units of government and special districts in Kentucky to implement projects which have received special appropriation funding as set out by specific language in the FY 2002-2004 Budget of the Commonwealth as approved by the 2003 General Assembly. If you intend to use some form of this draft agreement, you are advised to review KRS 65 and confer with local legal counsel.

The sole intent and recommended use of this draft agreement is to allow for flexibility to better assure timely implementation of projects at the local level. It is strongly recommended that entities seeking to use this draft agreement secure the concurrence of the respective State Legislators representing the affected project area. Subsequently, two or more units of government, including water districts and sanitation districts, may determine and so agree that one or other party is best suited or has the necessary support personnel, access to additional funding, or for another reason(s) is better able to implement a project designated in the 2003 Budget to the benefit of all parties locally. Hence, an agreement such as that outlined in the attached draft.

Pursuant to KRS 65.260 an *interlocal cooperation agreement* between a city or county and a special district, for example a water district or sanitation district, is submitted to the Attorney General’s Office for review and approval. Alternatively, an *interlocal cooperation agreement* between two or more counties, two or more cities, or between a county and a city is submitted to the Commissioner of the Department for Local Government for review and approval.

Be advised that the attached draft document was presented in current form to the Attorney General’s staff and to the legal staff at the Department for Local Government. Both staffs acknowledge that in present form, the draft agreement is “approvable.” However, you must change this draft document to conform to your unique circumstance and situation. You may desire to make changes as regards engaging a second party to implement a portion or the entirety of a project, divide the available funding between one or more entity for separated projects, use proper names rather than “Party 1” or Party 2” etc. **Please note, regardless of the nature or type of changes you may make to this document, either the Attorney General’s office or the Department for Local Government, as appropriate, will review each agreement submitted to them and consider each document separately on its merits.**

***Note:*** In using this draft agreement, be sure to remove this page and any “red” text in the draft agreement, and modify the page numbering accordingly.

**INTERLOCAL COOPERATION AGREEMENT**  
**FOR THE IMPLEMENTATION OF PROJECT WX / SX \_\_\_\_\_**

**THIS INTERLOCAL COOPERATION AGREEMENT** (the “Agreement”) is made and entered into and deemed effective as of the \_\_\_\_ day of \_\_\_\_\_, 2003, by and between the \_\_\_\_\_, referred to herein as “Party 1”, a public governmental agency, and \_\_\_\_\_, referred to herein as “Party 2”, also a public governmental agency, each a “Party” to this Agreement, or collectively the “Parties” and each of which is a political subdivision of the Commonwealth of Kentucky.

**WHEREAS**, pursuant to the Interlocal Cooperation Act (the “Act”), KRS Sections 65.210 to 65.300, inclusive, any power or powers, privileges or authority exercised or capable of exercise by a public agency (including a city, a county or any other political subdivision of the Commonwealth) may be exercised jointly with another public agency under an agreement (an “interlocal cooperation agreement”) for joint or cooperative action pursuant to the provisions of the Act, and such public agencies may acquire, construct, maintain, add to and improve the necessary property, real and personal, which is required in order to accomplish the public purposes set forth in such interlocal cooperation agreement; and

**WHEREAS**, Party 1 is named as the grantee in the 2002-2004 biennial budget of the Commonwealth of Kentucky for the above referenced project and has determined that to facilitate project implementation it is in the best interest of Party 1 and the citizens to be benefited by the project that Party 2 be designated as the project grantee by this Agreement and charged with all responsibility of project administration; and,

**WHEREAS**, Party 2 is willing and capable of accepting the responsibility of being the designated project grantee and is capable of implementing the project and subsequently owning, operating and maintaining the facilities envisioned by the referenced project.

**NOW THEREFORE**, it is mutually acknowledged and agreed by and among the Parties hereto and so ordered as follows:

1. Party 1 does hereby designate Party 2 to act on its behalf and in its stead serve as the project grantee solely and only for those funds appropriated in the Kentucky 2002-2004 biennial budget for the above referenced project.

2. Party 2 agrees to accept the role of project grantee and to accept the funds as allocated together with all obligations and responsibilities of project administration, and subsequent ownership, operation and management of the facilities to be developed to the benefit of the citizens of the Commonwealth as originally intended by the 2003 Kentucky General Assembly.

3. Each Party to this Agreement acknowledges the critical importance of open and continuing communication to assure timely construction of the project to the benefit of their citizens. To this end, on the effective date of this Agreement and thereafter until the project is completed and the facilities are in service, each party shall designate a principal *contact person* and it shall be the charge and obligation of these individuals to arrange for and actively engage in open communication and mutual assistance regarding all aspects of the project including planning, securing of easements and rights of way and construction. Further, each designated *contact person* shall report on any issues and activities relating to this Agreement at regular or special meetings of the respective Party.

4. Party 2 agrees to make available and present a written quarterly project progress report to Party 1 at its regularly scheduled meeting, providing updated information and estimated times for completion of each major component of the project.

5. The Parties to this Agreement hereby authorize the Kentucky Infrastructure Authority to enter into a grant assistance agreement with Party 2 relating to the referenced project for the purpose of its timely implementation.

6. The Parties further agree and covenant:

A. The duration of this Agreement shall commence upon signing and continue and remain in effect until and at which time the project shall have been constructed and a project completion report signed by the Kentucky Infrastructure Authority or until June 30, 2006, unless extended by amendment.

B. The purpose of the actions called for in this Agreement is to take best advantage of the financial, managerial, and technical capacity of Party 2 in implementing the infrastructure project referenced above in a timely and professional manner.

- C. The activities envisioned in this Agreement shall be financed in whole or in part by funds appropriated by the 2003 Kentucky General Assembly for the project referenced above.
- D. At the termination of the Agreement all property, including equipment and constructed facilities and appurtenances shall be owned by Party 2, integrated into its utility system, and used solely for the purposes of providing utility service to the benefit of system customers and shall so continue throughout its useful life.
- E. The Parties have designated the \_\_\_\_\_ Area Development District to be the “administrator” of this Agreement. The responsibility of the administrator shall be limited to reporting on the progress of implementation of this Agreement annually, on the anniversary of its effective date, as requested by either Party, the Kentucky Infrastructure Authority, or other agency of the Commonwealth.
- F. All property including equipment and constructed facilities necessary for the implementation of the above referenced project is to be used for public purposes only. The manner of acquiring, holding and disposing of all such property shall conform to state and local law, including but not limited to KRS 45A.

7. Should Party 2 enter into a grant assistance agreement with the Kentucky Infrastructure Authority as referred to in Section 5 of this Agreement, then this Agreement may not be partially or completely terminated prior to the date referenced in Section 6 A of this Agreement, without the written approval of the Kentucky Infrastructure Authority.

8. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky. If any provision of this Agreement is held to be in conflict with any applicable statute or rule of law, or is otherwise held to be unenforceable, the invalidity of such portion shall not affect any or all of the remaining portions of this Agreement.

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be duly executed and acknowledged by officers or officials as duly authorized by the respective managing bodies of the Parties, effective as of the date first written above.

***APPROVED AS TO FORM AND COMPLIANCE WITH APPROPRIATE KENTUCKY STATUTES***

Albert. B. Chandler III  
Attorney General  
Commonwealth of Kentucky

BY: \_\_\_\_\_

***Or , as appropriate,***

Jody Lassiter, Commissioner  
Office of the Governor  
Department for Local Government

BY: \_\_\_\_\_

Party 1

\_\_\_\_\_  
Authorized Official

Attest: \_\_\_\_\_

Party 2

\_\_\_\_\_  
Authorized Official

Attest: \_\_\_\_\_